

ORIGINAL

OPEN MEETING



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MEMORANDUM

Arizona Corporation Commission

DOCKETED

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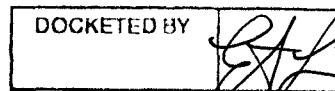
TO: THE COMMISSION

MAR 20 2015

2015 MAR 20 A 10: 58

FROM: Utilities Division

DATE: March 20, 2015



AZ CORP COMMISSION  
DOCKET CONTROL

RE: IN THE MATTER OF THE APPLICATION OF HYDRO-RESOURCES, INC. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE (DOCKET NOS. W-02350A-10-0163, W-20765A-10-0432, W-20770A-10-0473, W-02350A-13-0312 AND W-20770A-13-0313)

SUBJECT: COMPLIANCE FILING PER DECISION NO. 74742 - BEST MANAGEMENT PRACTICES FOR HYDRO-RESOURCES, INC.

**Introduction**

On September 15, 2014, the Arizona Corporation Commission ("Commission") issued Decision No. 74742 approving Hydro-Resources, Inc. ("Hydro" or "Company") application for a Certificate of Convenience and Necessity ("CC&N") to provide water utility service. As part of the Decision, the Commission ordered that Hydro file with Docket Control, as a compliance item in this docket within 90 days of the effective date of the Decision, at least three Best Management Practices ("BMPs") in the form of tariffs that substantially conform to the templates created by Staff for Commission review and consideration.<sup>1</sup>

**Company's Compliance Filing**

Pursuant to Decision No. 74742 on December 15, 2014, Hydro filed BMP tariffs. In its compliance filing the Company is requesting Commission approval to implement the water conservation measures listed below.

1. **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6:** A program for the Company to assist its customers with their high water-use inquiries and complaints.
2. **Customer High Water Use Notification Tariff – BMP 3.7:** A program for the Company to monitor and notify customers when water use seems to be abnormally high and provide information that could benefit those customers and promote water conservation.
3. **Meter Repair and/or Replacement Tariff – BMP 4.2:** A program for the Company to systematically assess all in-service water meters (including Company production meters) in its water service area to identify under-registering meters for repair or replacement.

<sup>1</sup> Decision No. 74742 at 53:1-8.

## **Staff's Analysis**

### Background Information and Service Area Characteristics

The Hydro water system is providing water service to approximately 90 metered connections.<sup>2</sup> The service area is located in Coconino County within the municipal limits of the Town of Tusayan, which is just south of the Grand Canyon National Park's south rim entrance. Tusayan is a community of several hundred residents, most of whom reside either in dormitories provided by their employers or in mobile homes. Tusayan is also home to five large hotels. Tusayan is completely surrounded by the Kaibab National Forest and there is very little private land in the area. The area has had a flat growth rate for the past several years which is expected to continue. The Company's certificated service area encompasses approximately one and one-half square miles. The Company is not located in an Arizona Department of Water Resources' ("ADWR") Active Management Area.

The Company selected the above BMPs based on the characteristics of its current service area and believes these BMPs will allow it to address high water use and waste by educating customers about water conservation and the need to conserve. The Company believes the selected BMPs will allow Company personnel to better interface with customers as to why water conservation is important and why wasting water is a community problem and not just an individual customer problem. The Company also believes that these BMPs are the most beneficial to its customers and the most cost effective for the Company to implement.

The Company's billing system enables it to determine if a customer's water use is abnormally high. Company field personnel are in the service area on a daily basis which allows the Company to identify and investigate problems such as water standing or running down the street.

### Proposed Tariffs


Staff created a set of BMP tariff templates that were developed using the BMP descriptions outlined in the ADWR Modified Non-Per Capita Conservation Program and relevant ADWR documents. ADWR representatives were provided with a copy of these templates, revisions were made to the templates where appropriate to incorporate any comments/suggestions provided by ADWR. The tariffs proposed conform to the templates developed by Staff.

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<sup>2</sup> Hydro bills approximately 40 customers (5 residential and 35 commercial customers) for their water consumption. Several customers have multiple meters. Those customers are billed for the combined total of those meters rather than being billed for each meter separately.

**Recommendation**

Staff has concluded that the BMPs proposed are relevant to Hydro's service area characteristics. Staff recommends approval of the BMP tariffs filed by the Company on December 15, 2014, attached to the proposed order as Exhibit A.



Steven M. Olea  
Director  
Utilities Division

SMO:MST:vsc\RRM

Originator: Michael Thompson

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BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH  
Chairman  
BOB STUMP  
Commissioner  
BOB BURNS  
Commissioner  
DOUG LITTLE  
Commissioner  
TOM FORESE  
Commissioner

IN THE MATTER OF THE APPLICATION  
OF TUSAYAN WATER DEVELOPMENT  
ASSOCIATION, INC. FOR  
ESTABLISHMENT OF RATES FOR  
WATER SERVICE.

DOCKET NO. W-02350A-10-0163

IN THE MATTER OF THE APPLICATION  
OF ANASAZI WATER CO., LLC FOR  
ADJUDICATION "NOT A PUBLIC  
SERVICE CORPORATION

DOCKET NO. W-20765A-10-0432

IN THE MATTER OF THE APPLICATION  
OF HYDRO-RESOURCES, INC. FOR  
ADJUDICATION "NOT A PUBLIC  
SERVICE CORPORATION".

DOCKET NO. W-20770A-10-0473

IN THE MATTER OF THE APPLICATION  
OF TUSAYAN WATER DEVELOPMENT  
ASSOCIATION, INC. FOR CANCELLATION  
OF CERTIFICATE OF CONVENIENCE  
AND NECESSITY

DOCKET NO. W-02350A-13-0312

IN THE MATTER OF THE APPLICATION  
OF HYDRO-RESOURCES, INC. FOR A  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY TO PROVIDE WATER  
SERVICE

DOCKET NO. W-20770A-13-0313

DECISION NO. \_\_\_\_\_

ORDER

Open Meeting  
April 14 and 15, 2015  
Phoenix, Arizona

BY THE COMMISSION

FINDINGS OF FACT

1. Hydro-Resources, Inc. ("Hydro" or "Company") is certificated to provide water  
service as a public service corporation in the State of Arizona.

2. On September 15, 2014, the Arizona Corporation Commission ("Commission") issued Decision No. 74742 approving the Company's application for a Certificate of Convenience and Necessity ("CC&N") to provide water utility service. As part of the Decision, the Commission ordered that Hydro file with Docket Control, as a compliance item in this docket within 90 days of the effective date of the Decision, at least three Best Management Practices ("BMPs") in the form of tariffs that substantially conform to the templates created by Staff for Commission review and consideration.<sup>1</sup>

3. On December 15, 2014, Hydro filed BMP tariffs. In its compliance filing the Company is requesting Commission approval to implement the water conservation measures listed below.

- **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6:** A program for the Company to assist its customers with their high water-use inquiries and complaints.
- **Customer High Water Use Notification Tariff – BMP 3.7:** A program for the Company to monitor and notify customers when water use seems to be abnormally high and provide information that could benefit those customers and promote water conservation.
- **Meter Repair and/or Replacement Tariff – BMP 4.2:** A program for the Company to systematically assess all in-service water meters (including Company production meters) in its water service area to identify under-registering meters for repair or replacement.

#### Staff's Analysis

##### Background Information and Service Area Characteristics

4. The Hydro water system is providing water service to approximately 90 metered connections.<sup>2</sup> The service area is located in Coconino County within the municipal limits of the Town of Tusayan, which is just south of the Grand Canyon National Park's south rim entrance. Tusayan is a community of several hundred residents, most of whom reside either in dormitories provided by their employers or in mobile homes. Tusayan is also home to five large hotels. Tusayan is completely surrounded by the Kaibab National Forest and there is very little private land in the area. The area has had a flat growth rate for the past several years which is expected to continue. The Company's

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<sup>1</sup> Decision No. 74742 at 53:1-8.

<sup>2</sup> Hydro bills approximately 40 customers (5 residential and 35 commercial customers) for their water consumption. Several customers have multiple meters. Those customers are billed for the combined total of those meters rather than being billed for each meter separately.

1 certificated service area encompasses approximately one and one-half square miles. The Company is  
2 not located in an Arizona Department of Water Resources' ("ADWR") Active Management Area.

3 5. The Company selected the above BMPs based on the characteristics of its current  
4 service area and believes these BMPs will allow it to address high water use and waste by educating  
5 customers about water conservation and the need to conserve. The Company believes the selected  
6 BMPs will allow Company personnel to better interface with customers as to why water conservation  
7 is important and why wasting water is a community problem and not just an individual customer  
8 problem. The Company also believes that these BMPs are the most beneficial to its customers and  
9 the most cost effective for the Company to implement.

10 6. The Company's billing system enables it to determine if a customer's water use is  
11 abnormally high. Company field personnel are in the service area on a daily basis which allows the  
12 Company to identify and investigate problems such as water standing or running down the street.

13 Proposed Tariffs

14 7. Staff created a set of BMP tariff templates that were developed using the BMP  
15 descriptions outlined in the ADWR Modified Non-Per Capita Conservation Program and relevant  
16 ADWR documents. ADWR representatives were provided with a copy of these templates, revisions  
17 were made to the templates where appropriate to incorporate any comments/suggestions provided by  
18 ADWR. The tariffs proposed conform to the templates developed by Staff.

19 Recommendation

20 8. Staff has concluded that the BMPs proposed are relevant to Hydro's service area  
21 characteristics. Staff has recommended approval of the BMP tariffs filed by the Company on  
22 December 15, 2014, attached as Exhibit A.

23 CONCLUSIONS OF LAW

24 1. Hydro-Resources, Inc. is a public service corporation within the meaning of Article  
25 XV, Section 2, of the Arizona Constitution.

26 2. The Commission has jurisdiction over Hydro-Resources, Inc. and of the subject matter  
27 of the Application.

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1           3.       The Commission, having reviewed the filing and Staff's Memorandum dated March  
2 20, 2015, concludes that it is in the public interest to approve the proposed BMP tariffs attached  
3 hereto as Exhibit A.

4                               ORDER

5           IT IS THEREFORE ORDERED that the Hydro-Resources, Inc. BMP tariffs attached hereto  
6 as Exhibit A are hereby approved.

7           IT IS FURTHER ORDERED that Hydro-Resources, Inc. shall notify its customers, in a form  
8 acceptable to Staff, of the BMP tariffs authorized herein and their effective date by means of either an  
9 insert in the next regularly scheduled billing or by a separate mailing and shall provide copies of the  
10 BMP tariffs to any customer upon request.

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IT IS FURTHER ORDERED Staff shall file a letter in the Docket confirming that the Hydro-Resources, Inc. tariffs have been updated with the tariffs approved herein.

IT IS FURTHER ORDERED that the BMP tariffs authorized herein shall go into effect 30 days after the date notice is sent to customers.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

JODI JERICH  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

SMO:DWS:sms\BES



1 SERVICE LIST FOR:  
2 DOCKET NO. W-02350A-10-0163 ET AL.

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EXHIBIT A

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Company: Hydro-Resources, Inc.

Decision No.: \_\_\_\_\_

Phone: 928-638-8205

Effective Date: \_\_\_\_\_

## **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6**

### **PURPOSE**

A program for the Company to assist its customers with their high water-use inquiries and complaints (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services 3.6: Customer High Water Use Inquiry Resolution).

### **REQUIREMENTS**

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall handle high water use inquiries as calls are received.
2. Calls shall be taken by a customer service representative who has been trained on typical causes of high water consumption as well as leak detection procedures that customers can perform themselves.
3. Upon request by the customer or when the Company determines it is warranted, a trained Field Technician shall be sent to the customer's residence to conduct a leak detection inspection and provide the customer with water conservation measures. The leak detection inspection may consist of a meter read check for flow verification. If the on-site inspection is requested by the customer, the Commission approved meter re-read tariff fee shall apply.
4. The Company shall follow up in some way on every customer inquiry or complaint and keep a record of inquiries and follow-up activities.

Company: Hydro-Resources, Inc.

Decision No.: \_\_\_\_\_

Phone: 928-638-8205Effective Date:                     

## **Customer High Water Use Notification Tariff – BMP 3.7**

### **PURPOSE**

A program for the Company to monitor and notify customers when water use seems to be abnormally high and provide information that could benefit those customers and promote water conservation (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services Program 3.7: Customer High Water Use Notification).

### **REQUIREMENTS**

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall track water usage for each customer and notify the customer if water use seems excessive for that particular billing for that time of the year.
2. The Company shall identify customers with high consumption and investigate each instance to determine the possible cause.
3. The Company shall contact the high water use customers via telephone, email, by mail or in person. The Company shall contact the customer as soon as practical in order to minimize the possible loss of water. The customer will not be required to do anything to receive this notification.
4. In the notification the Company shall explain some of the most common water usage problems and common solutions and points of contact for dealing with the issues.
5. In the notification, the customer will be reminded of at least the following water-saving precautions:
  - a. Check for leaks, running toilets, or valves or flappers that need to be replaced.
  - b. Check landscape watering system valves periodically for leaks and keep sprinkler heads in good shape.
  - c. Adjust sprinklers so only the vegetation is watered and not the house, sidewalk, or street, etc.
  - d. Continue water conservation efforts with any pools such as installing covers on pools and spas and checking for leaks around pumps.
6. In the notification, the customer will also be reminded of at least the following ordinary life events that can cause a spike in water usage:
  - a. More people in the home than usual taking baths and showers.
  - b. Doing more loads of laundry than usual.
  - c. Doing a landscape project or starting a new lawn.
  - d. Washing vehicles more often than usual.
7. The Company shall provide water conservation information that could benefit the customer, such as, but not limited to, audit programs, publications, and rebate programs.
8. The Company shall assist the customer in a self-water audit and assist the customer in determining what might be causing the high water usage as well as supply

Company: Hydro-Resources, Inc.

Decision No.:       

Phone: 928-638-8205

Effective Date:       

customer with information regarding water conservation and landscape watering guidelines. As part of the water audit the Company shall confirm the accuracy of the customer meter if requested to do so by the customer (applicable meter testing fees shall apply).

9. The type of notification, the timing of the notification (i.e., how long after high water use was discovered by the Company), and the criteria used for determining which customers are notified shall be recorded and made available to the Commission upon request.

Company: Hydro-Resources, Inc.

Decision No.: \_\_\_\_\_

Phone: 928-638-8205

Effective Date: \_\_\_\_\_

**Meter Repair and/or Replacement Tariff – BMP 4.2****PURPOSE**

A program for the Company to systematically assess all in-service water meters (including Company production meters) in its water service area to identify under-registering meters for repair or replacement (Modified Non-Per Capita Conservation Program Best Management Practice Category 4: Physical System Evaluation and Improvement 4.2 Meter Repair and/or Replacement Program).

**REQUIREMENTS**

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. On a systematic basis, the Company will inspect 100 percent of its 1-inch and smaller in-service water meters at least once every ten years for one of the following reasons (whichever occurs first):
  - a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
  - b. A meter has registered 1,000,000 gallons of usage,
  - c. A meter has been in service for ten years.
2. Meters larger than 1-inch shall be inspected for one of the following reasons:
  - a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
  - b. A meter has been in service for five years.
3. The inspection will be accomplished by having the meter pulled and having a Company Technician physically inspect each meter and its fittings for leaks, registers which may have become loose or are not properly attached to the meter and could be under-registering or other broken parts which need repair. In addition, meters shall be randomly selected for flow testing to identify potentially under-registering meters.
4. The Company shall also replace or reprogram any water meters that do not register in gallons. Upon the effective date of this tariff, the Company shall install all replacement meters with new:
  - a. 1-inch and smaller meters that register in 1 gallon increments,
  - b. 1-1/2-inch through 4-inch meters that register in 10 gallon increments, and
  - c. 6-inch and larger meters that register in 100 gallon increments.
5. The Company shall keep records of all inspected and replacement meters and make this information available to the Commission upon request.